The core-age labour force

Jacqueline Luffman

The Canadian labour market has been transformed since World War II by the increased participation of women, particularly those in the core working-age group (25 to 54). Indeed, except for a brief period during the recession of the early 1990s when their participation rate stalled around 75%, the proportion of women in the labour force grew steadily until 2004. Since then,[1] rates have declined very slightly and are now hovering around 81%. Nevertheless, the participation rate for Canadian women aged 25 to 54 compared favourably with other countries in 2005 (Chart A), and ahead of American women, whose rate fell from 76.4% to 75.3% between 2001 and 2005. Is the slight decline in Canada the beginning of a new trend, or does it merely reflect regular fluctuations in the economy or other socio-economic conditions?[2]

Using the Labour Force Survey (LFS), this article examines labour force participation rates of women and men aged 25 to 54 by province, education and marital status over the past 10 years. Particular attention is focused on women with young children.

Overall, participation rates for men and women continue to converge

With the wholesale entry of women into the labour market, men's and women's labour force participation rates and employment rates have been converging (Chart B). Since 1995, men's participation rate has been relatively flat, reaching a peak in 2003 and 2004 at 91.6% before dropping very slightly in 2005. Employment growth in the service-producing sector of the economy favoured women throughout the 1990s while men struggled with job losses in manufacturing.

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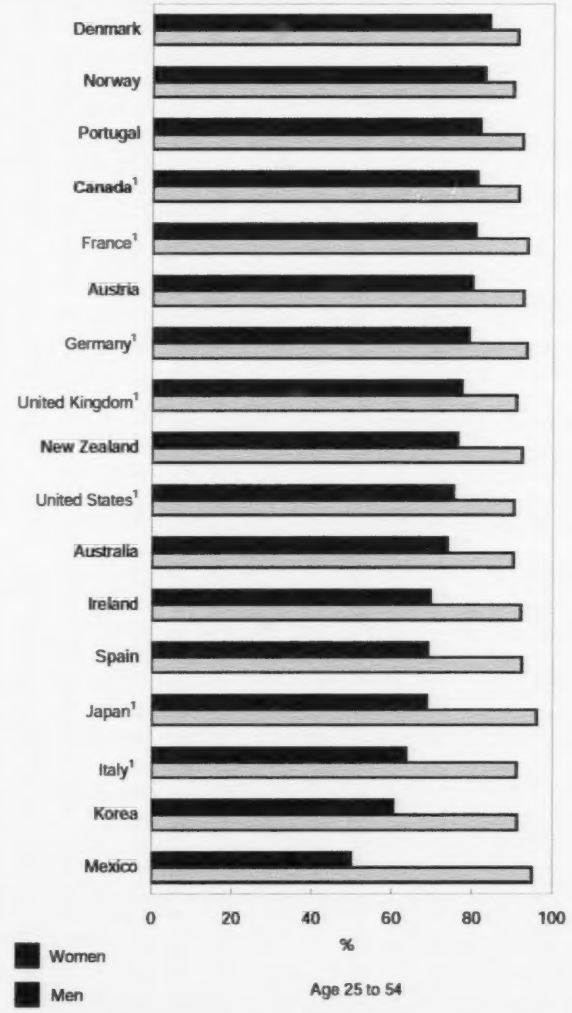
Chart A Canadian women's labour force participation rate compared favourably with other nations in 2005



1 G8 member.
Source: *OECD Employment Outlook*, 2006

Data source and definitions

The **Labour Force Survey** (LFS) collects information monthly on labour market activity from the civilian, non-institutionalized population 15 years of age and over. The territories are excluded from the national total, as are persons living on Indian reserves. The survey samples approximately 54,000 households, with each remaining in the sample for six consecutive months. The LFS divides the working-age population into three mutually exclusive classifications: employed, unemployed, and not in the labour force. For a full listing and description of LFS variables, *see Guide to the Labour Force Survey* (Statistics Canada Catalogue no. 71-543-GIE).

Labour force: The civilian, non-institutionalized population 15 years of age and over who, during the survey reference week, were employed or unemployed. Note: Persons on maternity or parental leave were considered employed if they had retained their job. Those who did not have a job but were looking for work were considered unemployed and therefore also part of the labour force.

Participation rate: Labour force (employed plus unemployed) as a percentage of the population 15 and over. The participation rate for a particular group is the labour force in that group expressed as a percentage of the population for that group.

Employment–population ratio or employment rate: Percentage of the population employed.

University-educated: Individuals with a bachelor's degree or higher.

College-educated: Individuals with a certificate or diploma from a community college or CEGEP, a trades certificate, or a university certificate below a bachelor's level.

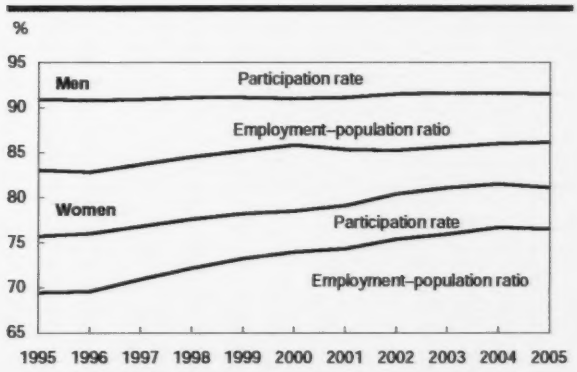
Child under 6: The youngest child in the family was under 6; other children in the family may be older.

Child aged 6 to 17: The youngest child in the family was aged between 6 and 17.

Lone parent: A mother or father, with no spouse or common-law partner present, living in a dwelling with one or more children.

The 2005 participation rate declines for both men and women, the first outside a recessionary period, could be the result of several factors. One could be the increase since 1995 in the number of adults over 25 going to school (data not shown). However, since these people are likely to have continued working, labour force participation rates would not be affected. Per-

Chart B Labour market activity of men and women 25 to 54 has been converging



Note: The employment–population ratio is the percentage of the working-age population employed.
Source: Statistics Canada, Labour Force Survey

Table 1 Reasons for not working in the past year

	1995		2005
		'000	
Men 25 to 54	**590**		**603**
		%	
Job leavers	14.6		16.2
Illness or disability	3.5		3.8
Personal or family reasons	0.6		1.0
School	4.8		4.9
Dissatisfied	1.6		3.2
Retired	1.4		1.5
Other	2.8		1.8
Job losers (permanent layoff)	21.1		12.8
Other[1]	64.3		71.0
		'000	
Women 25 to 54	**1,588**		**1,334**
		%	
Job leavers	10.3		12.6
Illness or disability	1.7		2.1
Personal or family reasons	3.2		4.4
School	1.6		2.0
Dissatisfied	1.7		2.5
Retired	0.4		0.7
Other	1.7		1.0
Job losers (permanent layoff)	9.8		7.3
Other[1]	80.0		80.1

1 Never worked or last worked more than 12 months ago.
Source: Statistics Canada, Labour Force Survey

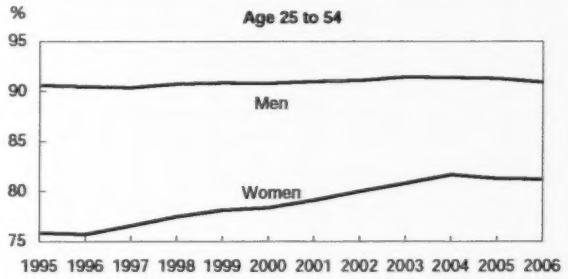
manent layoffs and voluntary withdrawals from the labour force could also influence the rate. In 2005, almost 13% of men and over 7% of women not in the labour force were on permanent layoff, but these percentages were down from 1995 (Table 1). Job leavers, however, were more common in 2005. For example, 3.2% of men not working said they had left because of dissatisfaction with their last job (compared with 1.6% in 1995). Among women, 4.4% were not in the labour force because of personal or family reasons (such as pregnancy, or caring for children or the elderly) compared with 3.2% in 1995.[3]

Slight downward trends in participation continue

In Canada, employment follows a seasonal pattern, tending to swell from May through October and then decline for the next six months. In order to explore the most recent data (the first half of 2006), average participation rates were calculated for the first six months of calendar years (Chart C). For men, this half-year rate stood at just over 91% from 2003 to 2005, declining fractionally in 2006 to 90.9% nationally. The rate for women generally rose between 1995 and 2004, edging down in 2005 from 81.6% to 81.3%. The first six months of 2006 saw another very small decline to 81.2%.

Labour force participation depends on many factors, including availability of jobs, education level, presence of children, and daycare, and the rates can vary greatly from province to province. In 2005, women in Prince Edward Island had the highest participation rate (86.5%) while those in Newfoundland and Labrador had the lowest (74.5%). The high rate in Prince Edward Island could be due to the province's largely agricultural, rural-based economy. Older women in rural areas are more likely than those in urban areas to be employed when all other factors are held constant (Vera-Toscano, Phimister and Weersink 2000).

Chart C After years of increase, women's participation rate may have peaked



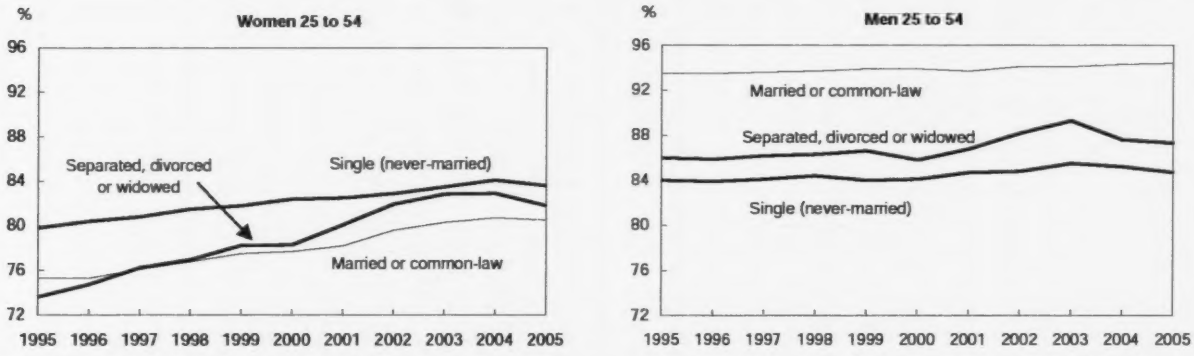
Source: Statistics Canada, Labour Force Survey

Table 2 Participation rates by province

	1995	1998	2001	2004	2005
Women 25 to 54			%		
Canada	**75.7**	**77.6**	**79.1**	**81.5**	**81.1**
Newfoundland and Labrador	63.2	66.7	72.0	74.1	74.5
Prince Edward Island	79.6	82.3	83.2	86.3	86.5
Nova Scotia	70.5	73.4	77.4	80.2	80.3
New Brunswick	71.1	73.0	76.1	80.3	80.5
Quebec	72.6	74.9	77.8	81.1	81.6
Ontario	76.7	78.8	80.2	81.9	81.6
Manitoba	80.2	80.9	81.9	84.1	83.0
Saskatchewan	80.1	81.3	80.7	84.2	83.7
Alberta	80.7	81.6	81.4	82.1	80.5
British Columbia	76.9	77.6	77.3	80.5	79.3
Men 25 to 54					
Canada	**90.9**	**91.1**	**91.1**	**91.6**	**91.5**
Newfoundland and Labrador	79.0	79.8	81.9	83.9	84.2
Prince Edward Island	90.7	88.9	91.6	91.1	91.0
Nova Scotia	87.1	88.2	88.0	89.9	89.3
New Brunswick	84.3	86.6	86.9	88.1	88.6
Quebec	89.2	89.9	90.0	90.9	90.7
Ontario	91.7	92.0	92.3	92.2	92.1
Manitoba	93.0	93.2	93.2	93.5	92.7
Saskatchewan	93.2	93.1	92.2	92.9	92.6
Alberta	94.4	94.3	93.6	93.8	93.9
British Columbia	92.4	90.4	89.4	90.4	90.0

Source: Statistics Canada, Labour Force Survey

Chart D Labour force participation declined most among the separated, divorced or widowed



Source: Statistics Canada, Labour Force Survey

Between 1995 and 2004, all provinces saw women's participation rates rise (Table 2). Since 2004, trends have been mixed. Provinces west of Quebec saw a decline between 2004 and 2005, whereas the Atlantic provinces and Quebec posted increases. Alberta had the greatest percentage point drop (-1.6), but the rate remained above 80% as it has since 1995. Interestingly, Alberta's live birth rate increased 8.9% between 2000 and 2003, compared with an increase of 2.2% for all of Canada.

Similarly, several provinces saw men's labour force participation rates begin to drop after 2004. In fact, in Saskatchewan and especially British Columbia, the decline has been evident since 1995. Forestry jobs in British Columbia have been declining since the late 1990s, likely affecting men's participation rates. Layoffs continued into 2005 for lumber and pulp and paper, both of which employed about a third less people than in 1999 (Cross 2006). Between 2004 and 2005, only Newfoundland and Labrador, New Brunswick, and Alberta showed increases in men's participation rates.[4] Provinces with a large manufacturing base, such as Ontario and Quebec, saw job losses in manufacturing industries in 2005, partly as the result of a rising dollar and the cost of raw materials.

More married women in the labour force...

Both single (never-married) women and married (including common-law) women in the core working-age population increased their participation rates between 1995 and 2004 (4.3 and 5.4 percentage points respectively) (Chart D). Since 2004, separated, divorced or widowed women had the greatest percentage point drop (-1.1). Married men's participation rates have increased slowly as well since 1995 (from 93.5% in 1995 to 94.4% in 2005). Like their female counterparts, single men's participation rates experienced a slight decline between 2004 and 2005.

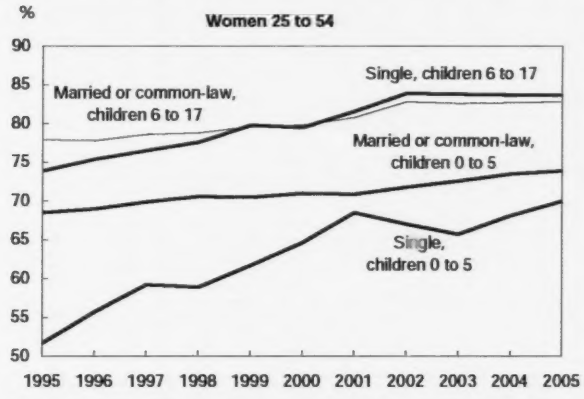
...as well as more female lone parents

The proportion of female lone-parent families grew substantially between 1991 and 2001.[5] According to the LFS, about 13% of families with a child under 6 were headed by female lone parents in 2005. Female lone parents increased their labour force participation from 67% in 1995 to 80% in 2005. Those with a child under 6 saw their rate jump by 18 percentage points (Chart E). However, married women with a child under 6 also showed steady increases. Seven in 10 married women with a child under 6, and 8 in 10 with a child aged 6 to 17, were in the labour force in 2005.

Almost 9 in 10 university-educated women in the labour force

Women with a university degree maintained their participation at around 87% between 1995 and 2005, although they appear to have reached a peak of 87.3% in 1999, dipping to 86.7% in 2005 (Chart F). College-educated women, on the other hand, showed steady increases until 2003. Much of the decline between 2004

Chart E The participation rate of lone-parent women with pre-schoolers has jumped since 1995



Source: Statistics Canada, Labour Force Survey

and 2005 came from women with some postsecondary education and those with less than a high school diploma (-1.9 and -1.8 percentage points respectively).

Both university-educated and college-educated men have experienced stable labour force participation since 1995.

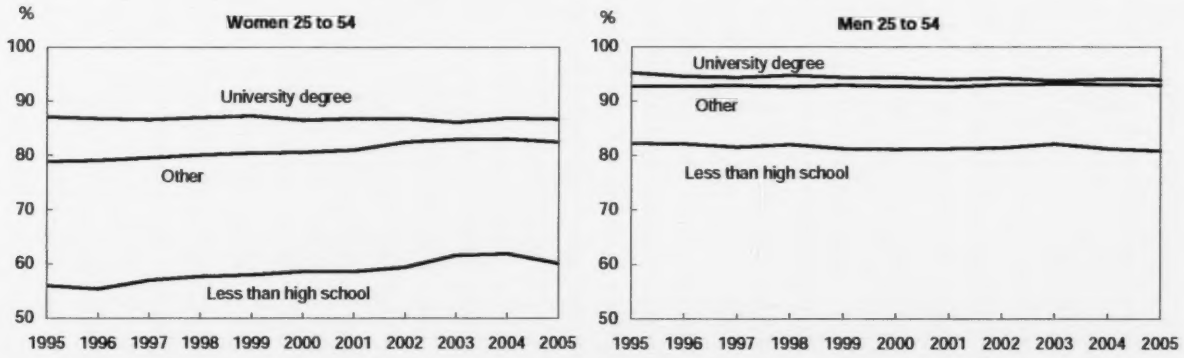
Majority of women with young children working or looking for work, but rates vary provincially

Women with young children[6] increased their labour force participation rates between 1995 (67%) and 2005 (74%) (Table 3). Despite the slight decline in participation rate for all women between 2004 and 2005, women with young children saw a slight increase (0.5 of a percentage point). The latter was driven largely by Nova Scotia and Ontario with their increases of 3.8 and 1.6 points respectively.

Provincial rates varied, probably as a result of different economic cycles as well as child-care policies. For example, in Alberta, the participation rate dropped for all women as well as for women with young children (-1.2 points). Interestingly, Alberta had the smallest share of children in daycare, and daycare spaces in the province have declined (Roy 2006).

Conversely, Newfoundland and Labrador, New Brunswick, and Prince Edward Island saw overall rate increases for women but drops for women with young children between 2004 and 2005. In Quebec, the overall rate increased, while the rate for women with young children edged up slightly (0.1 of a percentage point since 2004). The steady increase in Quebec may be linked with the introduction of $5-per-day daycare centres in 1997 ($7 as of November 2003).

Chart F University-educated women continued to have high participation rates; men's rates remained fairly constant for all education levels



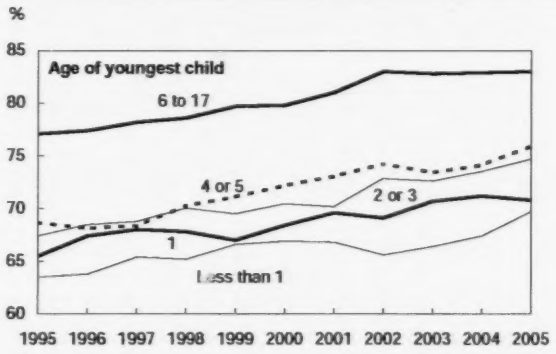
Source: Statistics Canada, Labour Force Survey

Highest rate ever for women with young babies

Seven in 10 women with babies less than a year old were in the labour force in 2005, the highest rate on record (Chart G).[7] This may be the result of a change in Employment Insurance (EI) legislation governing parental leave. Starting December 31, 2000, this leave for employed parents was increased from 10 to 35 weeks. Since that time, those receiving EI benefits have been taking more time off work (Marshall 2003). While the labour force participation rates of women with young babies dipped between 2001 and 2002 (-1.2 percentage points), they subsequentially increased substantially (4.1 points since 2002). This suggests that the longer time allowed off work after childbirth has enabled more women to remain in the labour force. On the other hand, the participation rate of women with children aged between 1 and 2 (after EI benefits have ceased), showed a slight drop (-0.4 of a percentage point) between 2004 and 2005.

Overall, as one would expect, the older the children at home, the more likely the women are to be in the labour force (70% with a child less than a year old, 83% with all children 6 or over).

Chart G Since the 2000 EI changes, the participation rate of women 25 to 54 with young babies has jumped



Source: Statistics Canada, Labour Force Survey

Summary

Since 1995, labour force participation rates for women aged 25 to 54 have generally increased in line with an expanding economy. In 2004, however, their rates started to decline, accompanied by a slight drop for their male counterparts. On the one hand, men and women are now more likely to voluntarily leave the labour force, probably only temporarily, because of dissatisfaction or personal or family reasons. On the other hand, the national picture portrays strong growth in the number of women with children (especially very young ones) entering or staying in the labour market.

Participation rates for both men and women aged 25 to 54 continued to decline marginally in the first half of 2006. But because participation rates among the core working-age population can be affected by many socioeconomic conditions, it is still too early to know whether the trend will continue.

Table 3 Participation rates for women 25 to 54 with children under 6

	1995	1998	2001	2004	2005
			%		
Canada	**66.7**	**69.2**	**70.7**	**73.0**	**73.5**
Newfoundland and Labrador	63.6	67.1	68.6	72.7	71.4
Prince Edward Island	76.3	82.9	77.8	85.9	83.5
Nova Scotia	67.4	70.4	73.6	74.3	78.1
New Brunswick	63.5	68.2	72.3	78.3	78.0
Quebec	65.3	68.4	72.6	77.8	77.9
Ontario	67.5	70.4	71.5	72.1	73.7
Manitoba	69.6	70.1	70.5	73.3	70.8
Saskatchewan	71.9	71.5	71.7	73.4	73.0
Alberta	68.9	69.0	66.5	67.4	66.2
British Columbia	63.1	66.4	67.0	70.6	70.4

Source: Statistics Canada, Labour Force Survey

Notes

1 Includes the first six months of 2006.

2 Participation rates for immigrant women differ from those for non-immigrant women. According to the 2001 Census, the rate for immigrant women aged 25 to 54 was lower than for non-immigrant women (75.2% versus 80.9%). In addition, recent immigrants (those who arrived between 1996 and 2001) had a lower participation rate than those who arrived earlier.

3 The Labour Force Survey asks individuals who are not in the labour force but who have worked within the previous year why they left that job. Reasons are own illness, personal or family responsibilities, going to school, no specific reason, changed residence, dissatisfied with job, retired, and permanent layoff. The question is not asked of those who never worked or who last worked more than a year ago.

4 For further analysis on provincial trends in women's labour force participation rates, see Roy (2006).

5 Over one million female lone-parent families were counted in the 2001 Census. These families represented 20.1% of all families with children, up from 16.4% in 1991.

6 Refers to women whose youngest child is under the age of 6.

7 Women on maternity leave or parental leave are still considered to be in the labour force as long as they have a job to go back to or are looking for work.

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